



Department of Energy
Western Area Power Administration
Desert Southwest Customer Service Region
P.O. Box 6457
Phoenix, AZ 85005-6457
SEP 27 2004

Dear Parker-Davis Project Electric Service Customer:

Thank you for your August 2004 comments regarding the "Review and Adjustment of Federal Power Allocations" language (Section 12) of the Parker-Davis Project Firm Electric Service Contract Extension Amendments. Western Area Power Administration (Western) has once again considered your comments and incorporated them, where possible, in the enclosed revision of the Section 12 language. This revision will also be posted to the Desert Southwest Region (DSW) web site located at www.wapa.gov/dsw/pwrnkt.

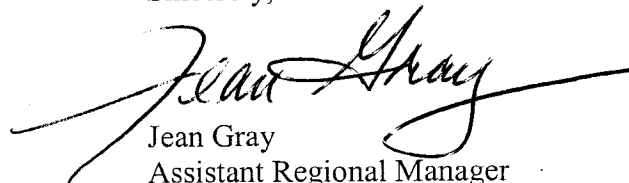
We will also post a document to the DSW web site responding to customer comments and questions received after the May 4, 2004 Customer meeting, and another document in response to comments received on the Section 12 draft which was attached to Western's July 16, 2004, letter to Parker-Davis Project Electric Service Customers. If you do not have Internet access and would like us to fax or mail a copy to you, please call me at (602) 352-2555.

The most recent Customer comments received about the proposed Section 12 language for the Parker-Davis Project Firm Electric Service Contract Extension Amendments indicate that the interactive dialogue between Western and Parker-Davis Electric Service Customers has resulted in a workable provision where the intent has been clarified. Additionally, there has been a real effort on everyone's part to strike the balance between Western's need for flexibility and the Customers' need for contractual certainty and repose.

Hopefully, you agree that we are drawing near completion of this process. If no further comments are received, Western will offer executable contracts no later than 30 days from the date of this letter. Thereafter, you will be given 60 days to return the signed contract to Western for final execution.

Again, thank you for your continuing efforts to come to consensus in the Parker-Davis Project Contract Extension Amendment process.

Sincerely,


Jean Gray
Assistant Regional Manager
for Power Marketing

Enclosure